

1 the PLI conference in late 2001, Commissioner Abernathy
2 described her view of the FCC's public interest obligation.
3 "Although at times I wish I could end my inquiry into the
4 public interest with the plain language of the statute, more is
5 required of the commissioner," she said. "My regulatory
6 philosophy," she went on, "begins with the fundamental notion
7 that competitive markets function better than regulation to
8 maximize the public welfare."

9 Now, an alternative view was offered by former
10 Commissioner Tristany in remarks prepared for delivery for two
11 years earlier, on the occasion of the release of a notice of
12 inquiry on the matters of public obligations of TV broadcast
13 licensees.

14 "The most important aspect of the public interest standard
15 is this: It's the law," she said. "Congress imposed the
16 public interest standard 70 years ago and has never wavered in
17 its insistence that it apply to every broadcast licensee. The
18 difficulty, of course, is in defining the public interest," she
19 continued. "On its face the standard is broad and requires the
20 commission to exercise a great deal of discretion, and simply
21 because the task is difficult is no excuse for shirking it."

22 Whatever the view of individual commissioners, this much
23 would seem to be clear. In the proceedings at hand, the
24 commission has a responsibility to consider the full range of
25 possible and probable consequences of the rules it promulgates,

1 not just the specific intent and goals of the proposed new
2 rules. An examination of the proposed rules and the strategic
3 and five-year goals of the commission suggest a particular
4 emphasis on markets to produce public good.

5 In the same remarks in 2001, Commissioner Abernathy cited
6 her second guiding principle regarding regulation by the FCC,
7 and I quote, "Fully functioning markets deliver greater value
8 and services to consumers than heavily regulated markets do.
9 Despite the noblest intentions, governments simply cannot
10 allocate the resources, punish and reward providers, and
11 encourage innovation as efficiently as markets. The history of
12 our nation and the demise of those that adopted centrally
13 planned economies makes this proposition indisputable. While
14 there is a critical role for regulation," she concluded, "we
15 should strive to rely on and trust market forces whenever we
16 can do so consistent with the statute."

17 This represents fairly, I think, the ascendant view in
18 communications regulation over the last 20 years. But others
19 would insist that while competitive markets are generally good
20 for producing efficiency, innovation, and profits, they do not
21 produce social good or serve the public interest as a matter of
22 course.

23 I am reminded here of an article that appeared in the
24 New Yorker last year. It quoted a 1926 essay by the legendary
25 and respected economist John Maynard Keynes.

1 Let us be clear -- "Let us clear from the ground the
2 metaphysical or general principles upon which, from time to
3 time, laissez faire has been founded," Keynes wrote. "The
4 world is not so governed from above that private and social
5 interests always coincide. It is not so managed here below
6 that in practice they coincide. It is not a correct deduction
7 from the principles of economic, the enlightened -- that
8 enlightened self-interest always operates in the public
9 interest."

10 Now the effect of market forces on the American news media
11 over the last 20 years supports Lord Keynes' assessment.
12 Consider the fact. Thanks to technological developments we
13 have witnessed a significant increase in the number of networks
14 and the channels available via cable and satellite. But we
15 have seen nothing near an equivalent increase in the number or
16 percentage of public affairs, political, and news programming
17 that the FCC once listed among the usually necessary indicators
18 of broadcasting in the public interest. We have witnessed the
19 emergence of giant television conglomerates, but one of the
20 largest reportedly eliminated local news programming in two
21 communities well known to Americans. The reported reason,
22 declining advertising revenues.

23 **MR. WESTEN:** Jay, if you can take a minute.

24 **MR. HARRIS:** I will take one minute.

25 It is a paradox of our times, our culture, and our

1 national priorities that the best journalism in America today
2 is better than ever. That is true in terms of techniques of
3 craft, fairness, and professionalism, diversity of coverage and
4 of staff and of quality and comprehensive -- of
5 comprehensiveness of news reports. However, in terms of
6 serving the needs of the citizens of the democracy, as regards
7 their responsibilities as citizens, the news media on average
8 perform that function less well than they once did.

9 Fewer people than one would want take advantage of the
10 best of American journalism. There are fewer and fewer
11 independent journalistic voices and an increasing number of
12 Americans are drawn to a shallow journalism that is a creation
13 of the marketplace, including a new pseudojournalism, which is
14 really nothing more than entertainment which uses the news as
15 grist for its mill.

16 And I conclude with these two observations. More people
17 watch the O'Reilly Factor on the average night than buy the
18 New York Times on the average day. On the Friday just past, I
19 asked the political consultant James Carville his affect of
20 shows such as Hannity & Colmes, Crossfire, and the O'Reilly
21 Factor on political dialogue and civic literacy in our country.
22 Carville, as you may know -- may know, is a host on CNN's
23 Crossfire, and this is what he said. "The viewers that turn to
24 such shows use them like a drunk uses a lamppost, for support,
25 not illumination." And he concluded -- and he concluded with

1 this observation about such shows, which are growing in
2 popularity. "It's entertainment."

3 Thank you very much.

4 **MR. WESTEN:** Thank you, Jay.

5 Our next panelist is Shaun Sheehan, who is currently vice
6 president for Washington Affairs at the Tribune Company and has
7 been since 1992. And I understand from the Tribune's website
8 that they own not only the L.A. Times and KTLA, Channel 5 here
9 in L.A., but they're the only media company with newspapers,
10 television stations, and websites in the nation's top three
11 markets, New York, Los Angeles, and Chicago. Shaun.

12 **MR. SHEEHAN:** Clearly that's the reason I'm here. We had
13 the opportunity to absorb the Times Mirror Company into Tribune
14 a few years ago, driven by the Staples Center scandal as Jay
15 well remembers. And that put -- that abuts us against the
16 newspaper cross-ownership rule, which quite frankly hasn't
17 gotten much discussion here. But given the proximity of the
18 Hollywood community, I could see why it's centered on the -- on
19 the production community.

20 I'm going to limit myself to that particular rule. It's a
21 fascinating rule. It was adopted in 1975. It's legs, though,
22 really go back to the 1930's with the old chain radio rules,
23 which is where all the -- Tracy spoke to this earlier.

24 In '75 the rule was put on and yet there were two
25 startling admissions by the commission. One of which is

1 television stations, who were owned by local newspapers, put on
2 the air more news and public affairs than any other category of
3 ownership that they could find. Secondly, they could establish
4 no harm driven by these existing combinations. Given that --
5 for that very reason many of the existing combinations were
6 grandfathered going forward, including the Chicago Tribune and
7 WGN in Chicago. In those days we used to own the New York
8 Daily News. So it was the New York Daily News and WPIX.

9 Other notable examples would be Belo and Alice of the
10 Dallas of the Dallas Morning News and WFAA and Cox in Atlanta,
11 WSB in the Atlanta Constitution.

12 I mention this because it's -- it's important to bear in
13 mind that no harm was found in '75. The Courts, however,
14 finding for the commission said we're going defer to you in
15 your predictive judgement, but somewhere down the line if
16 technology drives the process, bring the issue back to us
17 because you're starting to get very close to First Amendment
18 grounds that, quite frankly, we don't think you should be
19 treading on.

20 In 1975, and the good professor went through this a bit
21 earlier, there were about 950 television stations. Now with
22 low power, there's over 4,000. There were 700, 785 -- 7,785
23 radio stations. FM was very much in its commercial infancy.
24 Now we have 13,000 radio stations. Less than 10 million people
25 subscribe to cable. You all know it's over 70 million homes

1 have cable with over 230 national cable channels. Home
2 satellite dish viewing didn't exist. It's up to about 20
3 million homes.

4 The only thing that's gone down in net numbers from 1975
5 to the present is daily newspapers. I raise this because when
6 you say "scarcity" that's the underpinning for many, many
7 things in -- in telecommunications policy. Not just ownership,
8 but also EEO rules must carry requirements, et cetera. So this
9 rule we think puts scarcity very much in play unless it's
10 ameliorated, dropped or rescinded to some extent.

11 The next big event that comes along is the '96 cable act,
12 which the professor went through in detail, and the -- the
13 notion behind requiring a biennial review is really rather
14 simple. The migration of viewership from free media to pay is
15 so pronounced that it was thought that we have to open up these
16 rules, have them looked on a biennial basis to allow these
17 companies to gain scale, and so that they can continue to do
18 their public affairs, news, and what we deem to be in the
19 public interest.

20 The overarching notion is that a free system of broadcast
21 is a national treasure and it should be preserved. It, by the
22 way, is also the reason spectrum was allocated to broadcasters
23 through the existing spectrum block to allow going to digital.
24 Now Marty offered a figure of \$80 billion. I've heard 70
25 before. It's the first time I've ever heard \$80. More

1 recently Bear Stearns looks at that number, and given the
2 deflation of the value of spectrum, it's down to about
3 \$500 million. We can quibble about that, neither here nor
4 there. But the notion of a free medium, a very, very important
5 concept to bear in mind.

6 Further as the professor noted, the onus is now on the FCC
7 to justify retention of these rules. In the newspaper rule, if
8 you couldn't find a predicate in 1975, we find it very, very
9 suspect you're going to find one in the year 2003. Now the
10 commission did go out and commission several studies. I think
11 there's 12 or 14, two or three of which look at newspaper
12 ownership. All of which conclude precisely what they found in
13 '75. Guess what? Stations that are owned by local newspapers
14 air more news and public affairs than any other category of
15 station. We think, therefore, that buttresses our case that
16 much more completely.

17 Why news? If you're in the broadcast business like I am,
18 my company is, we own 26 television stations. Given the fact
19 that you do have 230 cable channels coming in against you, the
20 only thing that really differentiates you're signal against
21 your competition is the ability to go local. And local by
22 definition is news.

23 In this market, just a few years ago we never had a
24 morning newscast. We now put on four hours a day, I believe.
25 We do an hour at noon and another hour in the evening during

1 primetime. It's an enormous commitment. And what we want to
2 do is unleash the journalistic capabilities we also have in the
3 newspaper. We have 1,100 reporters on the street with the
4 L.A. Times. That's a huge aggregate cost. There's no other
5 institution in L.A. that has that kind of value that they can
6 put out on the street, and what we're attempting to do as
7 readership declines, is we're trying to find the venues through
8 which people in the L.A. market get their news and we're trying
9 to reach them.

10 The Internet competes against us for classifieds, but it
11 doesn't compete against us for newsgathering. And we think,
12 giving all -- given all I've just mentioned, given the
13 progression of media, given the fact that there was no factual
14 underpinning in '75, given the fact that the '96 act now
15 requires that FCC to justify if there's one rule that's ripe
16 for repeal it's the newspaper rule.

17 Thank you.

18 **MR. WESTEN:** Thank you very much.

19 Our next panelist is Val Zavala, vice president of News
20 and Public Affairs at L.A. public television station KCET; also
21 co-anchor of Life and Times, which many of you have seen, and
22 she has won numerous awards for her achievements. Val.

23 **MS. ZAVALA:** Thank you. Many of you have seen and been
24 on, as I look around the room.

25 First of all I'd like to thank Commissioner Copps. This

1 is a rare opportunity for us on the West Coast to have some
2 impact on -- inside the beltway, and I hope we do.

3 And I want to just launch into localism. We've -- all the
4 experts have covered other areas, and I've been asked to speak
5 about localism because when you think about it, KCET is the
6 last remaining independent television station in Los Angeles.
7 That's scary to me because I know what kind of budget
8 challenges we're constantly facing.

9 But I also wanted to look a little bit more closely. When
10 I was asked to talk about localism, I thought, oh, I'd better
11 turn on the news and do my very own, very unofficial, less
12 meticulous survey than Marty has looked at and just kind of
13 seeing -- get a sense of how much local news is actually on the
14 local news. So I watched the three stations, between, you
15 know, 5:00 and 6:00 o'clock on Saturday. And my very
16 unofficial tally came out to be about -- this is just story
17 number -- about nine were what I call truly local. And I, by
18 the way, excluded sports and weather, and I just looked at what
19 the news content was. About nine stories were kind of local,
20 nine to ten, and about 15 were what I'd call nonlocal. But the
21 nonlocal stories, which mainly dominated by Iraq and SARS, was
22 by far -- consumed the most amount of time, and the local
23 stories tended to be 30-second (inaudible) and so forth, which
24 were comprised of things like a march against rape; although it
25 actually happened in San Jose, I'm actually cutting them some

1 slack. There were some dead tigers found at a facility that
2 was supposed to save them. Workers at a clinic came down with
3 a rash; very short story, could have been expanded on. A
4 district attorney filing murder charges against a mother in
5 Modesto; again I'm giving them some geographical slack here.
6 Travel insurance in this time of uncertainty.

7 Channel 4 did do a reprise in a sense of their restaurant
8 investigation. I guess the cockroaches were so successful in
9 the early sweeps that they're bringing it back. I shouldn't be
10 too cynical because it was, in many ways, the most sincere
11 public service effort that I saw on -- on the news on that day,
12 at least.

13 There was a house fire. Fires, of course, are standard
14 faire. An explosion in (inaudible). And then an actress -- I
15 haven't seen her -- Shelley Morrison from Will and Grace was
16 arrested for shoplifting, but at least it was a local Robinsons
17 and May store.

18 The rest of the news time, as I mentioned, was given
19 mainly to national stories, which if you were watching the news
20 you would see SARS and Iraq following, you know, in the network
21 news or preceding the local news, so there's a lot of
22 redundancy there.

23 There was also a story on Bush's tax plan, Pearl Harbor
24 homecoming, international space station, Chernobyl anniversary.
25 Important stories, yes. Local stories, no. Remember, nobody

1 in California has yet died from SARS -- let's hope it stays
2 that way.

3 And then, there's the not terribly important and not
4 terribly local. Another actor, I think it's -- is it Jamie
5 Foxx -- Jamie -- was arrested for refusing to leave a Las Vegas
6 casino. And then they have the movie reviews, which are really
7 movie ads for confidence and better luck tomorrow.

8 Now, this is, you know, fine. I suppose there were
9 some -- some valuable things in there. But bear in mind, put
10 this in perspective. This is happening in a state who is mired
11 down in the largest deficit in its history. Our local schools,
12 hospitals, housing, infrastructure, courts, city and county
13 budgets are taking a horrible beating. Virtually everything is
14 in crisis. But you certainly would not get that impression
15 from watching the local news, or a sense of what it would take
16 to solve it.

17 And also, sometimes local news can look local to those
18 people who -- just the viewer at home who doesn't understand
19 the complex system of feeds and satellites and all that kind of
20 thing. They'll watch a story, say, on blood pressure that was
21 sent down from who knows where to all the stations, narrated by
22 the local reporter, who didn't really cover the story at all.
23 And it's not that it doesn't have some good information but,
24 you'll never hear, for example, about how pregnant women who
25 live near our freeways give birth to lower birth weight

1 children, or how there's this, you know, otherwise wonderful
2 program on -- about teen pregnancies that's keeping mostly
3 minority girls in high school without getting pregnant.

4 So it's not that the things aren't valuable, but they're
5 edging out things that could be so much more valuable and
6 relevant to our communities.

7 I'm lucky in a sense. I worked for commercial news for
8 seven years and got my grounding and learned a tremendous
9 amount. But I'm also lucky that I was fired from a job at one
10 point and ended up at public television. And so I'm very happy
11 to be able to work on a program that takes localism very
12 seriously.

13 We've been on the air now, Life and Times, for more than
14 ten years. And we cover, as you know -- since I think most of
15 you here are from the area -- government, healthcare,
16 environment, education, race relations, growth, development.
17 We've looked at -- or will be soon looking at low wages that
18 are paid by otherwise lucrative casino -- casinos in -- on
19 Indian reservations. We looked at hydrogen-fueled vehicles in
20 Palm Springs, the DMV's crackdown on dangerous drivers,
21 earthquake faults underneath the troubled Belmont Center,
22 affordable rentals, et cetera, et cetera. Not to mention the
23 steady flow of interviews that allow an access by local people
24 to get on television, which is, if you watch national news,
25 doesn't happen to often.

1 We're also looking at a wonderful story coming up, a fifth
2 grade teacher here in Southern California who's doing virtual
3 miracles with poor immigrant children, who are scoring in the
4 top 10 percent of standardized tests and performing Shakespeare
5 plays. He's written a book, and we're going to feature him.

6 So this is the kind of thing we do. In addition to Huell
7 Howser, who everybody knows is up and down the state, in every
8 nook and cranny and presents Californians to other
9 Californians. And then a new state public affairs series and
10 news magazine, California Connected.

11 These things, however, are expensive. And the reason why
12 we are not an hour every night -- we're only a half hour -- the
13 reason -- I'd love to do 11½ hours worth of news, but it's
14 expensive. Even for, you know, public television viewers who
15 nevertheless still believe in sending us their \$40.

16 I do like to point out that I think it's safe to say that
17 the salary of one of the top news anchors in Los Angeles could
18 cover our production budget for half a year. So if they
19 get -- and also, localism goes beyond programming. At KCET
20 it's defined very much by our members. People who have to
21 write out a check have a relationship, have a connection to the
22 station that we care about very much, even though it also gives
23 them, they think, the right to call up and say, "Why'd you put
24 that show on television? I'm a member and so, therefore, I
25 veto it."

1 But that's a small price to pay.

2 We have an active community advisory board, outreach for
3 teachers, family day in the KCET lot, and now a new initiative
4 called KCED, which is just getting off the ground and just
5 being researched. And it will offer preschoolers and their
6 caretakers, both professional caretakers and your, you know,
7 Aunt Mildred, down the block, supporting material and a daily
8 program that will improve preschool education and readiness
9 because it is so crucial to the success of children in later
10 years.

11 So some would say, "Well, fine, wonderful, public
12 broadcast is doing all this wonderful stuff so, you know, let
13 the commercial stations do what they need to do. Public TV and
14 NPR, for that reason will pick up the slack." Again, we'd love
15 to but revenues, as you know, for nonprofits these days is
16 very, very difficult to raise.

17 We have an eight-person newsroom for a nightly program.
18 This in television is ridiculous. I'm sure anybody in TV will
19 tell you how small that is. We need to be three times that.
20 And, of course, if we -- our foundation support, which as been
21 very, very consistent and generous from the Whittier,
22 California endowment and previously the Irvine Foundation.
23 They've been there but, you know, television is still expensive
24 even by foundation standards. Only a few foundations can give
25 us the kind of grant that we need to -- to put on a nightly

1 program.

2 We also have to realize that KCET, despite the fact that
3 we've been on the air for ten years with this nice program, is
4 the exception. There are 360-something public TV stations
5 across the country, the vast majority of that can't even
6 possible put on a nightly program. Only maybe a dozen have
7 even tried. Most of them will have a weekly public affairs
8 show where you have discussion. A nightly news public
9 program -- public affairs program that really incorporates a
10 lot of local content, very unusual. WGBH in Boston did it for
11 a while. Even they lost their funding after, I think,
12 probably, seven or eight years. It's a tough thing to do. We
13 cannot simply dip our ladle into this ongoing stream of
14 revenue -- of advertising revenue. It doesn't work like that
15 in public television.

16 Cable shows address them, Bill Rosendal, for example, does
17 a lot of good public affairs, but it has limited reach. It's a
18 cable station -- or cable program. It goes to Adelphia viewers
19 only. And now who knows, after Adelphia executives have proven
20 themselves ethically challenged. We don't know where that's
21 going to go.

22 So however the debate on deregulation may be resolved, I
23 would urge some mechanism, some installation of a guarantee, an
24 incentive -- better be airtight because lawyers are great at,
25 you know -- they're like water, they'll reach into every nook

1 and cranny of the law -- but we need something that will
2 preserve and enhance coverage of truly local issues.

3 Rupert Murdoch, despite his nominal L.A. residency, really
4 doesn't care if there's a food bank problem in Los Angeles or
5 if housing development threatens to eat up Verdugo Hills or
6 social workers are overworked and underpaid. He can't worry
7 about it. I don't expect him to worry about it, but he won't
8 worry about it. Neither will the executives at General
9 Electric, Viacom, Disney, Time Warner, and apparently Micheal
10 Paul -- excuse me, Micheal Powell.

11 The Tribune Company, as you can see, as -- is part of this
12 consolidation and enjoying the benefits of it. I'm glad to
13 hear you say that the Tribune Company and those stations that
14 are owned by newspapers do more public affairs. That's very
15 encouraging to me, and I have to say, overall, I think the
16 Tribune Company coming to Los Angeles was a big improvement
17 given the couple of journalism scandals that preceded it. But
18 at the same time, if they take their reporting power and simply
19 distribute it more widely to other platforms, you're still
20 getting, you know, basically the same stories, just more wide
21 distribution. On the other hand a few -- fewer people -- if
22 too few people are reading the L.A. Times maybe that's a good
23 thing.

24 So I believe not -- I'm not saying they should read the
25 Times but if they don't maybe --

1 **MR. WESTEN:** Did you see Copps' picture in the Times this
2 morning?

3 **MS. ZAVALA:** No. Isn't that coincidental? Very good.

4 So finally, I'd -- there's a lot of talk -- my final point
5 is there's a lot of discussion about how this eats away and
6 erodes democracy. I actually think that the decline of
7 localism in news does more than threaten democracy. It's even
8 more fundamental than that. We're talking about just a basic
9 social fabric that's getting eroded. There are local churches;
10 schools; museums; businesses; sports leagues; theater groups;
11 youth orchestras; colleges; foundations, large and small;
12 myriad number of charities; civic groups; organizations, they
13 work with youths; senior citizens; disabled; the addicted; the
14 unemployed; the battered; as well as the talented; the eager;
15 the entrepreneurial; the bright and the ambitious. I know
16 because I get swamped constantly by press releases and e-mails
17 from people wanting, dying for attention, dying to get an ally
18 from -- an alliance on the part of local news stations. And as
19 Sylvia was saying, it is hard to get through to assignment
20 desks. They are the most cynical people in the world, and it's
21 really, really hard to get through to them.

22 So I hope that there's some opportunity in this change
23 that we're -- that is occurring. Localism means people can get
24 through to newsrooms. It's very important. Southern
25 California especially has 80 different languages, a growing gap

1 between the rich and the poor, a population more diverse than
2 any other state in the nation. What happens here is going to
3 be very important. And Los Angeles is not the only one, but
4 every single city in the United States needs a vital and
5 healthy local newsrooms. And so I urge you, as you consider a
6 structural change that will cast millions of Americans as mere
7 consumers in the global game of profit making, to build in
8 those assurances that local news and local reporting will not
9 just survive but thrive.

10 Thank you very much.

11 **MR. WESTEN:** Thank you, Val.

12 Our next panelist, John Connolly, has been a television,
13 film, and stage actor for over 30 years, is currently National
14 President of the American Federation of Television and Radio
15 Artists. John.

16 **MR. CONNOLLY:** Thank you very much.

17 Just a moment, I wanted to offer my greetings to many of
18 my members who are here today and even serving on the panel.
19 Clearly these questions are of central interest in the very
20 lives of media workers and that's one of the guises in which I
21 come to you today. I also want to acknowledge the
22 representation from the major broadcasting companies and media
23 companies today. I was pleasantly surprised to see delegation
24 from Disney, ABC, and Viacom. And it's always nice to meet
25 Shaun from Tribune. I think it's important that

1 representatives across the spectrum of opinion participate in
2 these forums. There's the smallest chance that we might
3 actually influence each other's perspective. So it's good
4 to -- it's good to be in the same room.

5 I don't bring the perspective of a scholar to this work.
6 I am a practitioner. This is how I earn my living, not as a
7 newscaster in this case but as a performer. The scholarly
8 work has been well reported and represented in both of these
9 panels and I really appreciate it. I do have the benefit of
10 significant amounts of objective research, which backs up to
11 some extent opinions of my -- I may express, including a very
12 important study commissioned by AFTRA, the Newspaper Guild, and
13 the Writers' Guild of America through the department of
14 professional employees of the AFL-CIO called Democracy
15 Unhinged. More media concentration means less public
16 discourse, and I would urge you all to take a look at our
17 website and take a look at it.

18 And I was also pleased to be here in this room a few weeks
19 ago to witness the presentation of Tyranny of 18 to 49, a
20 Annenberg Center discourse on demographics and the way they are
21 more narrowly driving programming choices in both entertainment
22 and news. And I think that these forces and the interplay
23 between them are things that we really need to think about and
24 I know that the Commissioners will think about in the process
25 of making these very difficult decisions they are faced with.

1 You know, it's a happy coincidence for me to be here, not
2 just as a practitioner and a representative of 80,000 media
3 workers, reporters, actors, musical artists, and hopefully soon
4 with our consolidation with the Screen Actors Guild, 150,000
5 media workers, but because of our position and our thoughts on
6 media consolidation --

7 (End of Side A, Tape 3. Beginning of Side B, Tape 3.)

8 **MR. CONNOLLY:** You know, there is -- there is genius in
9 government, sometimes. In the addition of the first ten
10 amendments to the Constitution, the Bill of Rights, there is
11 genius in that. It was not genius granted from on high. It
12 was genius forced under the force of arms because those first
13 ten amendments were in fact motivated not just by good feeling
14 and wisdom on the part of the original revolutionaries but by
15 armed conflict, which threatened the new republic if it did not
16 transform its standard of political participation from property
17 ownership to citizenship. And thus we ended up with the ten
18 amendments to the Constitution.

19 Similarly, the genius in government, which I find an
20 analogy to the first ten amendments to the Constitution, is
21 embedded in the original Communications Act. It is a simple
22 concept, which has proved more and more illusive as time has
23 gone on, and that is that the airwaves are public property.
24 This is a revolutionary concept, and a concept, which, if the
25 American people understand the implications of that ceasing to

1 exist as a practicality, could well result not perhaps in force
2 of arms discussion, but certainly in more of an uproar than
3 we've been able to experience thus far.

4 I think that Jonathan Taplin's comments in the last panel
5 were instructive in this regard.

6 When the public interest is defined, or redefined, as
7 essentially unregulated markets defining the public interest,
8 that somehow the invisible hand will merrily solve all media
9 ills, I think we're in problems. What we find, I believe, is
10 that the invisible hand fast becomes the mailed fist in the
11 velvet glove of competition solving all problems.

12 I think in part because of the '96 act, so much of this
13 has flowed from an over-enthusiastic belief and naive belief on
14 the part of the Clintonites of the democracy -- the promise of
15 democracy brought on by the dot com revolution. Well, we've
16 seen where that has ended up in terms of a promise of
17 democracy.

18 And I think, truly, the idiocy of a legal standard that
19 suggests that ownership rules should be automatically
20 eliminated if they're not constantly justified. If the public
21 owns the airwaves. If that is true.

22 Not to mention the simply practical problems -- I dare say
23 impossibility of conducting a thorough review on a biennial
24 basis. These are huge industries. Shaun gives a very
25 interesting rationale for why it ought to be biennial. Because

1 of the changes, they're very rapid, makes sense. But the
2 actual mass of information, to be able to digest, analyze, and
3 make policy on? Over a two-year period, I believe well nigh
4 impossible.

5 In terms of the local -- the way this is played out
6 locally, it's been said the duopolies, triopolies, have been
7 laid out in television. I'd like to point out that Clear
8 Channel Communications in radio has hit their eight-station
9 max. 1,250 stations nationwide, I should add. That Infinity
10 Viacom is at five stations here in the Los Angeles radio market
11 and ABC Disney with four. So we are getting some experience in
12 multiple station ownership. And indeed, I think that the FCC
13 should closely examine the cross-ownership rules that Shaun
14 discussed so ably.

15 Certainly with an eye to taking a look at how -- how can
16 cross-ownership prohibitions really function if in fact the
17 norm, because of 54 grandfathered waivers, really obviates the
18 rule? I'm not sure that it's really ever had a chance to
19 function because in every major market essentially
20 cross-ownership has been the norm rather than the rare
21 exception.

22 We've seen in -- and what we are hearing from our
23 reporters, the AFTRA reporters who work the news around the
24 country and here in Los Angeles, is as the newsrooms combine,
25 because of the economies of scale which were referred to, and

1 quite properly so, as business assesssity. What in fact happens
2 over time is you have fewer worker voices, you have fewer
3 reporters with different perspectives on the news. Because you
4 have cross-utilization station to station. The firewall
5 between news and business direction in the station begins to
6 break down. And they find -- we find that more general
7 management personnel are involved in making news decisions
8 rather than news directors and the news staff. And the
9 interplay between the business needs of selling advertising,
10 keeping advertisers happy, and the needs of news, and the
11 ethics and objectivity of news reporting become compromised.
12 And in part, I believe this is inevitable and we've seen the
13 research because the economies of scale, not just in expenses
14 but in terms of revenues, drive decision making.

15 We've seen, not universally, thank God, but as close
16 enough to be within hailing distance, that sensationalism
17 begins to replace hard news in local newscasting. If it leads,
18 it bleeds is not a quip. It is a business plan. And it is a
19 problem. This is what we are hearing from the people who
20 write and deliver the news.

21 Should we actually compare, as Marty might be able to do
22 in his next study or Val in her experience -- should we
23 actually compare the numbers of minutes involved in local car
24 chases to the number of minutes debating the healthcare crisis
25 in California, the crisis of the uninsured, or the \$34 billion

1 budget hole and how we got there. The cookie-cutter market
2 pressures on radio have homogenized radio, local radio, to the
3 point of identity. And not just similar city to city
4 homogenization. In the case of Clear Channel literally the
5 elimination of local radio by use of automated voice tracking
6 out of their San Antonio facility. I'm happy to report that
7 last week, with 100 percent of the Clear Channel DJs in
8 New York, AFTRA stopped the importation of voice tracking into
9 the New York radio market cold. There will be live radio in
10 New York thanks to the solidarity of the fans and the DJs, and
11 I'm happy to report that to you.

12 Yes. Of course, I'll wrap it up.

13 There's a number of things I wanted to mention, but I'm
14 going to cut to the chase here, so to speak, and that is just
15 as an indicator of how undertold this story is:

16 There's a report that Melissa Gilbert of the Screen Actors
17 Guild and I gave to the executive council of the AFL-CIO six
18 week ago. When we reported what the process in the FCC
19 deliberations and the possible, probable outcome and the
20 timeline involved were, the look around the square hollow table
21 of the 50 highest labor leaders in the United States
22 representing 13 million people was of utter shock. They did
23 not know this was going on, and this was a pretty sophisticated
24 crowd -- despite what you may have heard or thought. And if
25 these folks with their hands on the pulse of the